



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HURON TOWNSHIP
ERIE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Huron Township
Erie County
1820 Bogart Road
Huron, Ohio 44839-9139

To the Board of Trustees:

We have audited the accompanying financial statements of Huron Township (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the audit committee, management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 22, 2002

**HURON TOWNSHIP
ERIE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$93,949	\$385,685		\$13,644	\$493,278
Intergovernmental	938,373	97,779	\$173,699	1,511	1,211,362
Special Assessments		4,689			4,689
Licenses, Permits, and Fees		100,443			100,443
Earnings on Investments	87,221	2,133			89,354
Other Revenue	13,360	2,019			15,379
Total Cash Receipts	<u>1,132,903</u>	<u>592,748</u>	<u>173,699</u>	<u>15,155</u>	<u>1,914,505</u>
Cash Disbursements:					
Current:					
General Government	161,791	23,427			185,218
Public Safety	1,618	205,213			206,831
Public Works	1,467	115,738	173,699		290,904
Health	2,700	27,344			30,044
Human Services	53,000				53,000
Miscellaneous				15,155	15,155
Capital Outlay	222,064	43,404			265,468
Total Cash Disbursements	<u>442,640</u>	<u>415,126</u>	<u>173,699</u>	<u>15,155</u>	<u>1,046,620</u>
Total Receipts Over/(Under) Disbursements	<u>690,263</u>	<u>177,622</u>			<u>867,885</u>
Other Financing Receipts/(Disbursements):					
Other Sources	2,519	500			3,019
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	692,782	178,122			870,904
Fund Cash Balances, January 1	891,373	758,991			1,650,364
Fund Cash Balances, December 31	<u>\$1,584,155</u>	<u>\$937,113</u>			<u>\$2,521,268</u>
Reserve for Encumbrances, December 31	<u>\$3,651</u>	<u>\$5,700</u>			<u>\$9,351</u>

The notes to the financial statements are an integral part of this statement.

**HURON TOWNSHIP
ERIE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$79,055	\$346,322	\$11,715	\$437,092
Intergovernmental	394,048	98,965	1,328	494,341
Special Assessments		6,241		6,241
Licenses, Permits, and Fees		90,827		90,827
Earnings on Investments	93,441	3,737		97,178
Other Revenue	12,345	240		12,585
	<u>578,889</u>	<u>546,332</u>	<u>13,043</u>	<u>1,138,264</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	178,955	16,711		195,666
Public Safety	192,046	6,747		198,793
Public Works	1,354	124,690		126,044
Health	1,350	26,560		27,910
Miscellaneous			13,106	13,106
Capital Outlay	36,032	117,115		153,147
Contract Services	100	795		895
	<u>409,837</u>	<u>292,618</u>	<u>13,106</u>	<u>715,561</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>169,052</u>	<u>253,714</u>	<u>(63)</u>	<u>422,703</u>
Other Financing Receipts/(Disbursements):				
Other Sources	<u>2,528</u>			<u>2,528</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements				
	171,580	253,714	(63)	425,231
Fund Cash Balances, January 1	<u>719,793</u>	<u>505,277</u>	<u>63</u>	<u>1,225,133</u>
Fund Cash Balances, December 31	<u>\$891,373</u>	<u>\$758,991</u>		<u>\$1,650,364</u>
Reserve for Encumbrances, December 31	<u>\$9,358</u>	<u>\$44,782</u>		<u>\$54,140</u>

The notes to the financial statements are an integral part of this statement.

**HURON TOWNSHIP
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity.

Huron Township, Erie County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the City of Huron to provide fire and ambulance services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**HURON TOWNSHIP
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

Road and Bridge Fund - This fund receives property tax money to construct, maintain and repair Township roads and bridges.

Fire District Fund - This fund receives property tax money for providing and maintaining fire protection services for the Township.

4. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital projects fund:

Issue II Fund - The Township received a grant from the State of Ohio to make road improvements.

5. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Library Fund - The Township receives property tax money to be distributed to the Huron Public Library.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually, except the agency fund.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**HURON TOWNSHIP
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2001	2000
Demand deposits	\$10,462	\$13,912
STAR Ohio	2,510,806	1,636,452
Total deposits and investments	\$2,521,268	\$1,650,364

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$369,532	\$1,135,422	\$765,890
Special Revenue	492,483	593,248	100,765
Capital Projects	173,699	173,699	
Fiduciary	15,300	15,155	(145)
Total	\$1,051,014	\$1,917,524	\$866,510

**HURON TOWNSHIP
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,270,263	\$446,291	\$823,972
Special Revenue	1,296,247	420,826	875,421
Capital Projects	173,699	173,699	
Fiduciary	15,300	15,155	145
Total	<u>\$2,755,509</u>	<u>\$1,055,971</u>	<u>\$1,699,538</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$304,720	\$581,417	\$276,697
Special Revenue	457,088	546,332	89,244
Fiduciary	13,184	13,043	(141)
Total	<u>\$774,992</u>	<u>\$1,140,792</u>	<u>\$365,800</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$939,686	\$419,195	\$520,491
Special Revenue	752,293	337,400	414,893
Fiduciary	13,184	13,106	78
Total	<u>\$1,705,163</u>	<u>\$769,701</u>	<u>\$935,462</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**HURON TOWNSHIP
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Huron Township
Erie County
1820 Bogart Road
Huron, Ohio 44839-9139

To the Board of Trustees:

We have audited the accompanying financial statements of Huron Township (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated March 22, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated March 22, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Huron Township
Erie County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 22, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HURON TOWNSHIP

ERIE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 9, 2002**